#### 4.0 **Consolidated Water Facilities Construction Program**

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# 4.0 CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM

The Consolidated Water Facilities Construction Program was established to provide grants and loans for water projects. The Board of Water and Natural Resources (the board) has been authorized by the Legislature to administer the program. The funds available are dependent upon the amount appropriated by the Legislature and the funds previously awarded.

### 4.1 Eligibility Requirements

Applicants must be sponsored by one of the following: a special purpose district with the authority to construct a water resources project; a state agency or general purpose government such as a municipality, county, or township; a federally recognized Indian tribe; or a nonprofit corporation formed pursuant to South Dakota Codified Laws (SDCL) 47-22 with the authority to construct, operate and maintain a water resources project.

Project must be on the State Water Facilities Plan prior to application submittal.

### 4.2 Application Deadlines

Applications must be postmarked or received on or before the **first** day of January, April, July, and October. The department presents applications to the board after the required technical reviews and financial analyses have been completed.

### 4.3 Application Requirements

An applicant must submit a signed original application to the Department of Environment and Natural Resources. The application will be reviewed by staff for completeness and technical merit. Staff will work with applicants to correct any identified deficiencies.

In accordance with the Administrative Rules of South Dakota (ARSD) 74:05:07:08.01, the board will consider only applicants that:

- 1) Meet the applicable minimum monthly rate requirement detailed later in this section;
- 2) Have established an operation, maintenance, and replacement reserve fund;
- 3) Have identified any necessary permits and the current status of the permits;

- 4) Have identified any required lands, easements and rights-of-way and the status of obtaining them;
- 5) Have identified all proposed sources of financing and the status of obtaining the funds; and
- 6) Show a project schedule indicating the project will proceed in a timely manner.

Waivers from these criteria may be obtained from the department secretary. Waivers will be considered for economic development opportunities, expansion into new areas, regionalization of facilities, or other unique situations that may require consideration.

The minimum utility rates are established in ARSD 74:05:07:08.01(1). **The minimum monthly utility rates necessary for an application to be presented to the board are:** \$20 for 5,000 gallons of drinking water for incorporated municipalities and sanitary districts; \$50 for 7,000 gallons of drinking water for all other applicants; \$17 for 5,000 gallons of wastewater for incorporated municipalities and sanitary districts; and \$35 for 7,000 gallons of wastewater for all other applicants. **Adoption of minimum monthly utility rates provides no guarantee of funding.** 

If located within the boundaries of a water development district, the department recommends a copy of the application be submitted to the district. The district board may review applications and make recommendations to the board regarding funding. (See section 1.4.2 for water development district map.) Water development district recommendations should address any requests or awards of district funds. The recommendation should provide any local conditions that should be considered in the board's funding decision.

#### 4.4 Interest Rates and Terms

The rates and terms are established by the board and are available on the DENR website.

#### 4.5 Award Dates

The department will notify applicants of the date and time for the meeting at which applications will be considered by the board. Board meeting dates and agendas are available on the DENR website.

#### 4.6 Award Criteria

The board may award less than the amount requested in the application. In addition, the board may award a grant, a loan, or a combination of grant and

loan regardless of the funding requested. Each application will be reviewed based on the following criteria:

- 1) Annual utility cash flow;
- 2) Available local cash and in-kind contributions;
- 3) Available program funds;
- 4) Compliance with permits and regulations;
- 5) Debt service capability;
- 6) Economic impact;
- 7) Other funding sources;
- 8) Readiness to proceed;
- 9) Regionalization or consolidation of facilities;
- 10) Technical feasibility;
- 11) Utility rates; and
- 12) Water quality benefits.

SDCL 46A-1-93 provides the highest priority shall be given to domestic uses of water through the development of public water distribution systems.

### 4.7 Rules and Regulations

Rules and regulations concerning the consolidated program may be found in the ARSD 74:05:07. For copies of these rules or the Assurances, Terms, and Conditions for consolidated awards, contact:

PMB 2020 Department of Environment and Natural Resources Division of Financial and Technical Assistance 523 East Capitol Avenue Pierre, SD 57501-3182 (605) 773-4216 (605) 773-4068 fax

#### or:

email: DENRINTERNET@state.sd.us

website: http://www.state.sd.us/denr

# 4.8 CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM APPLICATION FORM

# Consolidated Water Facilities Construction Program Application Form

Applicant	Proposed Funding Package	•
rippiceur	Consolidated Grant	\$
	Consolidated Loan	\$
	Clean Water SRF Loan	\$
	Drinking Water SRF Loan	\$
Federal Employer ID No.	Other:	\$
rederat Employer 12 Tvo.	Other:	\$
Subapplicant	Other:	\$
	TOTAL	\$
Project Title:		
Description:		
Description.		
The Applicant Certifies That:		
I declare and affirm under the examined by me and, to the best correct.		

## **Professional Contacts:**

Application Prepared By:		
Name of Contact Person:		
Mailing Address:		
City, State, and Zip Code:		
Telephone Number: (work)		
Email Address:		
Consulting Engineering Firm:		
Name of Contact Person:		
Mailing Address:		
City, State, and Zip Code:		
Telephone Number: (work)	(fax)	
Email Address:		
Legal Counsel's Firm:		
Legal Counsel:		
Mailing Address:		
City, State, and Zip Code:		
Telephone Number: (work)	(fax)	
Email Address:		

# BUDGET SHEET

	A Consolidated	B Consolidated	С	D	E	Total Funds
Cost Classification	Grant	Loan				
1. Administrative Expenses						
A. Personal Services						
B. Travel						
C. Legal including Bond Counsel						
D. Other						
2. Land, Structure, Right-of-Way						
3. Engineering						
A. Bidding and Design Fees						
B. Project Inspection Fees						
C. Other						
4. Construction and Project Improvement						
5. Equipment						
6. Contractual Services						
7. Other						
8. Other						
9. Subtotal (Lines 1-8)						
10. Contingencies						
11. Total (Lines 9 and 10)						
12. Total %			_			

Columns A - E: Identify each funding source and enter the amounts budgeted by cost category.

# Method of Financing

	Secured Funds	Unsecured Funds (Date Anticipated)
Consolidated Grant		
Consolidated Loan		
Clean Water State Revolving Fund Loan		
Drinking Water State Revolving Fund Loan		
Local Cash (Identify Source)		
Other (Explain)		
Other (Explain)		
TOTAL		

# Funds to be Borrowed

	Amount	Rate	Term	Annual debt service	Security pledged toward repayment
Consolidated Loan					
(base debt service on semi-annual payments)					
Clean Water State Revolving Fund Loan					
(base debt service on quarterly payments)					
Drinking Water State Revolving Fund Loan					
(base debt service on quarterly payments)					
Rural Development					
Bank					
Other (Please describe)					
Other (Please describe)					

## 4.8.1 General Information

The month and	d day your fis	scal year beg	gins:		-	
POPULATION S	SERVED current	2000		1990		
(If applying Narrative State	for watershe ement" section	•	oration proj	ject, procee	ed to "Progra	am
4.8.2 Gener	ral Utility	Informati	on			
Current Utility	Debt					
Year Issued						
Purpose						
Security Pledged						
Amount						
Maturity Date (mo/yr)						
Debt Holder						
Debt/Coverage Requirement						
Avg. Annual Required Payment						
Outstanding Balance						

Use additional sheets if more room is required to list all current utility debt.

# 4.8.3 Drinking Water Utility Information

# Drinking Water Utility Cash Flow

	Prior Year	Prior Year	Current Year	Future Year#
Fiscal Year				
OPERATING CASH FLOW				
Water Sales				
Surcharge Fee				
Other (Explain)				
OPERATING PAYMENTS				
Personal Services				
Chemical, Material & Supplies				
Electric & Other Utilities Water Purchased				
Other (Explain)				
NET CASH FROM OPERATIONS				
NONOPERATING CASH FLOW				
Transfers In (Explain)				
Transfers Out (Explain)				
Fixed Asset Purchases (Explain)				
Fixed Asset Sale (Explain)				
I incu risset baie (Explain)				
Debt Payment (Principal Only)				
Debt Payment (Interest Only)				
Interest Income				
Other Revenue (Explain)				
Other Expenses (Explain)				
NEW CASH PROMINENCE PROMINE				
NET CASH FROM NONOPERATING				
Net Increase (Decrease) in Cash				
Beginning Cash Balance				
Ending Cash Balance				
RESTRICTED BALANCE				
UNRESTRICTED BALANCE				

<sup>#</sup> Future Year: First full year after project completion.

Restricted Funds				
<u>Amount</u>	Anticipated Exp	<u>bense</u> <u>l</u>	Method Used	to Encumber
Water Fees:				
Attach current a schedules.	nd proposed rate	e ordinances or	resolutions	and rate
Municipal or San	•	•	•	•
		Č		,
Check one:	Incorporated N	Municipality or S	anitary Distr	rict
	<b>or</b> Other Commu	nity Water Syste	m	
		,		
3.6 .1.1	O + D +	D 1D (	# of	Average use
Monthly:	<u>Current Rate</u>	Proposed Rate	<u>Accounts</u>	gallons (cubic feet)
Domestic				<u> </u>
Business				
Other:	_			
Other:				
	_		_	
Are fees ba	sed on usage or fl	lat rate?		
When is pro	oposed fee schedi	aled to take effect	t?	
wiiai was i	The fee prior to the	carrent rates _		

Attach current and proposed rate ordinances or resolutions and rate schedules.

# 4.8.4 Wastewater Utility Information

# Wastewater Utility Cash Flow

	Prior Year	Prior Year	Current Year	Future Year#
Fiscal Year				
OPERATING CASH FLOW				
Wastewater Fee				
Surcharge Fee				
Other (Explain)				
OPERATING PAYMENTS				
Personal Services				
Chemical, Material & Supplies				
Electric & Other Utilities				
Other (Explain)				
NET CACH EDOM ODEDATIONS				
NET CASH FROM OPERATIONS				
NONOPERATING CASH FLOW				
Transfers In (Explain)				
Transfers Out (Explain)				
D' 1 A (D1 (E1 )				
Fixed Asset Purchases (Explain)				
Fixed Asset Sale (Explain)				
Fixed Asset Sale (Explain)				
Debt Payment (Principal Only)				
Debt Payment (Interest Only)				
Interest Income				
Other Revenue (Explain)				
, ,				
Other Expenses (Explain)				
NET CASH FROM NONOPERATING				
Net Increase (Decrease) in Cash				
Beginning Cash Balance				
Ending Cash Balance				
RESTRICTED BALANCE UNRESTRICTED BALANCE				

<sup>#</sup> Future Year: First full year after project completion.

Restricted Fund	ds Breakdown:			
<u>Amount</u>	Anticipated Exp	<u>ense</u> <u>N</u>	Method Used	to Encumber
<u> </u>		<u> </u>		
Wastewater F	lees.			
wastewater r	ccs.			
Attach current	and proposed rate	e ordinances an	d rate sche	dules.
Maniainal an Ca	mitam Diatmiat ma	mthler mates at E	000 ~110~	(670 auhia faat)
-	anitary District - mo - monthly rates at 7	•	•	670 cubic feetj
Check one:	Incorporated N	Junicipality or S	anitary Distr	ict
	or	1 3	3	
	Other System			
			# of	Average use
Monthly:	Current Rate	Proposed Rate	Accounts	
Domestic		-		
Business				
Other:	<del></del>			
Other:				<u> </u>
Ara food 1	oased on usage or fl	ot roto?		
	proposed fee schedu			
When did	the current fee tal	xe effect?		
What was	s the fee prior to the	current rate?		

Attach current and proposed rate ordinances and rate schedules.

For Storm Sewer Projects:
Does sponsor have a separate storm water fee? Yes No
If yes, attach the current and proposed rate ordinances or resolutions and rat schedules. Identify below the rate charged and explain how fee is calculated.

### 4.8.5 Program Narrative Statement

The program narrative statement should be brief and describe the need, objectives, method of accomplishment, geographical location of the project, and benefits expected from the assistance.

### 4.8.6 Engineering Design and Cost Estimates

Preliminary engineering, architectural design, or project implementation plan(s) and itemized cost estimates must be completed and submitted to the Department of Environment and Natural Resources with the application.

### 4.9 Application Instructions

### 4.9.1 Application Form

Applicant. Name and mailing address of the entity sponsoring the project.

Federal Employer Identification No. Federal employer identification number of the entity sponsoring the project.

Subapplicant. Organization on whose behalf the application is being submitted.

Proposed Funding Package. Include the amount and type of funds requested, the amount of funds being provided as local match, including direct public or private contributions, loans, federal funds, and water development district or conservation commission grants. Enter the total amount on the last line. Multi-year or phased projects should enter only the costs associated with activities for which assistance is being requested.

Project Title/Description. Provide a one line title for the project and a brief narrative describing the project. Be specific, providing the feet or miles of pipe; treatment process being utilized; capacity of storage tanks; cubic yards of sediment removal; feet of shoreline stabilization; and so forth. **Include the current monthly utility rate.** If the rate is not a flat rate, compute the monthly water and wastewater rate at 5,000 gallons for municipalities and sanitary districts and at 7,000 gallons for all other systems. Additionally, indicate whether a reserve fund has been established for the utility benefiting from the project.

Applicant Certification. An official of the sponsoring entity who has been authorized by resolution of the governing body to submit the application must read and sign the application.

#### **Professional Contacts**

Application Prepared By: Identify the entity, the individual that helped prepare the application, and the other contact information requested in case questions arise about the application.

Consulting Engineering Firm: Identify the engineering firm retained by the sponsor, the engineer's name, and the other contact information requested in case questions arise about the application.

Legal Counsel's Firm: Identify the law firm retained by the sponsor, the attorney's name, and the other contact information requested in case questions arise about the application.

### 4.9.2 Budget Sheets

Note: Multi-year projects should enter only budget costs associated with activities for which financial assistance is being requested.

- Line 1.A Amount needed for personal services related to grant management and clerical duties.
  - Line 1.B Amount needed for travel including vehicle rental.
- Line 1.C All legal fees associated with this project including bond counsel fees, if applicable.
- Line 1.D Amount needed for other administrative expenses including: an independent financial audit, publishing, meetings, and any other expenses expected for project administration, including planning district contracts.
- Line 2 Amounts directly associated with the acquisition of land, existing structures, and related rights-of-way.
  - Line 3.A Fees for engineering bidding and design services.
  - Line 3.B Fees for engineering construction inspection.
- Line 3.C Amounts for other technical services, such as surveys, operation and maintenance manual preparation, tests, and borings not included in Line 3.A or 3.B.
- Line 4 Amounts for the actual construction of, addition to, or restoration of a facility. Also include in this category the amounts of project improvements such as roads, access restrictions, new trenches, landscaping, and run-off control measures.
- Line 5 Amount needed to purchase or rent equipment required for the project.
- Line 6 Amount of contracts (excluding legal, engineering, and construction) associated with the project including sampling and laboratory services.
  - Lines 7 & 8 Identify amounts for items not specifically mentioned above.
  - Line 9 Sum of Lines 1 through 8.
- Line 10 Estimated amount for contingencies. Contingencies should not exceed 10% of the amount on Line 9.
  - Line 11 Sum of Lines 9 and 10.
  - Line 12 Percentage that column total is of total project costs.

### 4.9.3 Method of Financing

Indicate the source of the secured/unsecured share of funding. If funds have been secured, indicate the amount in the "secured" column. If funds are

unsecured at time of application, indicate the amount of the unsecured funds and the date funds are anticipated to be secured in the "unsecured" column. Include any remarks regarding funding in a separate narrative. Total the secured and unsecured funding amounts at the bottom of the table.

#### 4.9.4 Funds to be Borrowed

Provide the amount, rate, and term of the funds to be borrowed to help finance the project. Include the amount of the annual debt service and security pledged towards loan repayment. For "other," explain the source of funds along with the above mentioned items.

#### 4.9.5 General Information

The following information will be used to evaluate the applicant's capacity to provide local funds for the project and the continuing operation, maintenance, and replacement of the system.

- A. Fiscal Year The month and date your fiscal year begins.
- B. Population Served Fill in population data. Estimate current year if necessary.

Watershed/lake restoration projects may proceed to the Program Narrative Statement detailed in section 4.9.7.

### 4.9.6 General Utility Information

Current Utility Debt - Enter the current debt obligations of the applicant. <u>If</u> the applicant is a water, wastewater, solid waste, or other "enterprise" type system, which relies on rates and charges for its financial support, only debt related to that utility need be entered. If the applicant is a city, county or special purpose district which relies on general taxing authority for its financial support or is a nonprofit organization, debt related to the general obligations of the city, county, special purpose district, or nonprofit organization should be entered. Include all debt information requested in the table to assure an appropriate review of the sponsor's finances.

Drinking Water Utility Information: Complete this section of the application only if the project includes costs associated with a drinking water project.

Complete the Drinking Water Utility Cash Flow table. Obtain prior year information from previous utility audits. The Current Year column should contain information from the system's current year utility budget. The Future Year column should contain anticipated cash flow information for the utility's first full fiscal year of operation after project completion.

Provide a balance for each restricted account or activity, identify the activity to be completed with the funding, and specify the method used to restrict the funds (*i.e.* governing board resolution, board motion, by-laws, etc.).

Attach the current and proposed rate ordinances or resolutions and rate schedules.

Check whether the sponsor is an incorporated municipality, sanitary district or other system. Municipalities and Sanitary Districts provide rate information based on 5,000 gallons (670 cubic feet) per month. All Other Systems provide rates based on 7,000 gallons (935 cubic feet) per month.

Fill in the current monthly rate being charged to businesses and domestic users to include individual households and farmsteads. If fees are billed quarterly, calculate the monthly rate. Include the proposed new monthly rate. Complete the information for the total number of business and domestic hookups which will be served systemwide. Provide the current average monthly usage by business, domestic, and other customers and specify either gallons or cubic feet. If there is a special rate being charged for users other than business and domestic hookups, provide information about that rate, the number of customers for which the rate applies, and the user's average usage.

Indicate whether fees are calculated on the amount used or on a flat rate.

Furnish dates for when the current rate was adopted, when the proposed fee schedule will take effect, and what the rate was prior to the current rate.

Wastewater Utility Information: Complete this section of the application only if the project includes costs associated with a wastewater project.

Complete the Wastewater Utility Cash Flow table. Obtain prior year information from previous system audits. The Current Year column should contain information from the system's current year utility budget. The Future Year column should contain anticipated cash flow information for the utility's first full fiscal year of operation after project completion.

Provide a balance for each RESTRICTED account or activity, identify the activity to be completed with the funding, and specify the method used to encumber the funds (*i.e.*, board resolution, board motion, by-laws, etc.).

Attach the current and proposed rate ordinances or resolutions and rate schedules.

Check whether the sponsor is an incorporated municipality, sanitary district or other system. Municipalities and Sanitary Districts provide rate information based on 5,000 gallons (670 cubic feet) per month. All Other Systems provide rates based on 7,000 gallons (935 cubic feet) per month.

Fill in the current <u>monthly</u> rate being charged to businesses and domestic users to include individual households and farmsteads. If fees are billed quarterly, calculate the monthly rate. Include the proposed new monthly rate. Complete the information for the total number of business and domestic hookups which will be served systemwide. Provide the current average monthly usage by business, domestic, and other customers and specify either gallons or cubic feet. If there is a special rate being charged for users other than business and domestic hookups, provide information about that rate, the number of customers for which the rate applies, and the user's average usage.

Indicate whether fees are calculated on the amount used or on a flat rate.

Furnish dates for when the current rate was adopted, when the proposed fee schedule will take effect, and what the rate was prior to the current rate.

Storm Sewer Projects: Complete this section of the application only if the project includes costs associated with a storm water project.

Indicate if the sponsor has a separate storm water fee. If so, attach a copy of the existing or proposed rate ordinance or resolution and a brief explanation of how the storm water fee is calculated and collected.

### 4.9.7 Program Narrative Statement

The following should be used to structure the narrative. Program narrative statements should be typed on a separate sheet of paper and submitted with the application. This statement will be used to rate the project's impact and readiness to proceed.

- A) Project Description Provide a detailed narrative describing the selected project alternative. Be specific, providing the feet or miles of pipe to be constructed, replaced or repaired; treatment process being utilized; capacity of storage tanks; cubic yards of sediment removal; feet of shoreline stabilization; and so forth. Identify the preferred method of construction or project completion, an itemized break-out of estimated costs, the area to be affected by the project, maps showing locations of services and extent of construction, anticipated operation and maintenance (O&M) cost changes resulting from the project, anticipated rate effects caused by any proposed borrowing or changes to O&M expenses.
- B) Eligibility Identify the type of entity applying for assistance. If the entity is a nonprofit, provide the date of incorporation and a copy of the bylaws or governing rules that make the entity responsible for the anticipated project. Provide rate information to demonstrate that the existing rate or proposed rate will meet the minimum rate requirements of the program. If the rates will not meet the required minimums, provide a letter requesting

- a waiver from the minimum rate requirement and justification for the waiver.
- C) Need/Problem Identification \_ Provide the required background information to identify the need for the project. If the project is a rehabilitation project, identify when the existing facilities were installed or constructed and explain the past maintenance practices used by the sponsor to maximize the useful life these facilities. If the project is an expansion project, explain the need for the new service and describe existing conditions and facilities. Also provide information that will assure existing collection, distribution, storage, pumping, and treatment facilities will be able to address the additional flow or demand.
- D) Project Design Provide the engineering design considerations used to develop the cost estimates. Include design criteria used to size the facilities, projected use of the new system to include potential oversizing of lines for future development, effect of new or expansion facilities on the existing infrastructure, and anticipated useful life of existing and anticipated facilities.
- E) Required Permits Identify the status of required permits (i.e., if secured or applied for). Potential required permits may include: Surface Water Quality Permits, New Drinking Water Capacity Certification, Storm Water Permits, County Conditional Use Permits, County of Municipality Construction Permits, etc.
- F) Acquisition of necessary lands (purchase or option secured) Identify the extent to which the easements for the project have been secured. Provide a list or number of landowners that must provide easements before the project may proceed. If landowners have not yet provided easements, identify the status of obtaining the easements and how and when the landowners will be contacted and the final easements obtained. If fee title to land is required to complete the project, provide an update on the status of securing the additional land.
- G) Project Schedule Provide a schedule for the project to include dates for the anticipated completion of the financing package if additional funding is needed to complete the project, design completion (must include time for DENR review and approval), obtaining required permits and authorizations, bid approval, initial construction, final completion, and final project closeout.
- H) Future Projects Identify any projects that have been identified by the sponsor that affect the sponsor's ability to finance this project. Provide general information about the scope, timing, and estimated cost of anticipated future projects.

### 4.9.8 Engineering Design and Cost Estimate

Water Infrastructure Projects: A preliminary engineering report with cost estimates was submitted with the State Water Plan application. The outline to be followed for the preliminary engineering report can be found in section 2.7.2.1 of the State Water Plan Application section of this document. Any significant changes to the preliminary engineering analysis, updated cost estimates, and other relevant additional information should be submitted with the funding application.

Watershed Projects: A watershed assessment report and preliminary cost estimate was submitted with the State Water Plan application. A detailed Project Implementation Plan (PIP) in the EPA approved format should be submitted with the funding application. The outline to be followed for the PIP can be found in section 2.7.2.2 of the State Water Plan Application section of this document. Any significant changes to the PIP, updated cost estimates, and other relevant additional information should be submitted with the funding application.